
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Wednesday, April 23, 2008**

A meeting of the Board of Administration was held on Wednesday, April 23, 2008, CalPERS Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:00 a.m. by Board President Rob Feckner.

The Secretary called the roll and the following Board members were present:

Rob Feckner, President
Marjorie Berte
Terry McGuire representing John Chiang
George Diehr
Greg Beatty representing David Gilb
Henry Jones
Steve Coony representing Bill Lockyer
Priya Mathur
Louis Moret
Tony Oliveira
Anne Sheehan
Charles Valdes

Excused: Kurato Shimada

AGENDA ITEM 3 – APPROVAL OF THE MARCH 19, 2008 MEETING MINUTES

ON MOTION by Ms. Mathur, **SECONDED** and **CARRIED**, the Board approved the March Board minutes.

AGENDA ITEM 4 – CHIEF INVESTMENT OFFICER REPORT

Anne Stausboll, Interim Chief Investment Officer presented this report to the Board.

At the end of March 31, 2008, the total market value of the PERF was \$242.8 billion. For the 12 months immediately preceding that, the total return net of fees was 2.7 percent, which was slightly under benchmark. As of this week, the total market value of the PERF was \$244.8 billion.

AGENDA ITEM 5 – INVESTMENT COMMITTEE

George Diehr, Chair, Investment Committee, presented the Committee Summary report (attached) to the Board. The Committee met on Monday, April 21, 2008.

Additional information may be found in the April 21, 2008 Agenda materials and/or transcripts of the Committee meeting.

The next Investment Committee meeting is scheduled for May 12, 2008 in Sacramento, California.

AGENDA ITEM 6 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

Rob Feckner, Vice Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, April 22, 2008.

Additional information may be found in the April 22, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Neutral, AB 1936 (Emmerson). Nonprofit Mutual Water Companies.
- Extension of the existing Actuarial Consulting Pool contracts for an additional five years, and to issue a Request for Proposal for an Actuarial Auditing contract with a term of five years.
- June 30, 2007 Legislators' Retirement System Actuarial Valuation Report and transmittal letter with adoption of an employer contribution of \$0 as well as a 0% contribution rate for all members for the period of July 1, 2008 to June 30, 2009. Mr. Coony abstained.
- June 30, 2007 Judges' Retirement System Actuarial Valuation Report and strongly urge the California Legislature and Governor to adopt an employer contribution schedule that properly funds the Judges' Retirement System.
- June 30, 2007 Judges' II Retirement System Actuarial Valuation Report with adoption of an employer contribution rate of 20.227% for the period of July 1, 2008 to June 30, 2009.

The next Benefits and Program Administration Committee meeting is scheduled for May 14, 2008 in Sacramento, California.

AGENDA ITEM 7 – HEALTH BENEFITS COMMITTEE

Priya Mathur, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, April 22, 2008.

Additional information may be found in the April 22, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- 1) Endorse and support of the RHIO concept in California; 2) Direct CalPERS health plans to begin contract negotiations with CalRHIO to obtain its services and to include as part of these negotiations staff's seven suggested requirements as set forth on page three of Agenda Item 3b with the exception of the currently contemplated charges for CalRHIO's services contained in item 4 (which instead are to be negotiated), and to include Watson Wyatt's suggested requirements as set forth on page two of their memo dated April 16, 2008; 3) Encourage CalRHIO to immediately engage in active dialogue with CalPERS health plans regarding the execution of agreements to participate in CalRHIO's system for their entire books-of-business; 4) Direct CalRHIO to provide Kaiser with the information it specifically requested from CalRHIO; 5) Direct staff to report back to the Health Benefits Committee on May 14, 2008, regarding the status and terms of any negotiations between CalPERS health plans and CalRHIO for further review and analysis by the Committee.
- 1) Employ a disbursement strategy linked to RDS funds actually received and reconciled; 2) Distribute RDS funds to contracting agencies based on each agency's contribution toward its annuitants' health care premiums; 3) Establish a procedure and implement processes between CalPERS, the State

Controller's Office and contracting agencies for the distribution of funds; 4) Distribute future year funds in the same manner after the required reconciliation.

The next Health Benefits Committee meeting is scheduled for May 14, 2008 in Sacramento, California.

AGENDA ITEM 8 – FINANCE COMMITTEE

Tony Oliveira, Chair, Finance Committee, presented the Committee Summary report to the Board. The Committee met on Monday, April 21, 2008.

Additional information may be found in the April 21, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Second reading of the CalPERS 2008-11 Three-Year Business Plan and transmittal to the Legislature.
- 1) CalPERS 2008-09 Administrative Budget of \$332,323,000 and 2,300 positions and approve the budget as a second reading; 2) CalPERS 2008-09 Enterprise Projects Budget of \$143,253,000 and approve the budget as a second reading; 3) Proposed 2008-09 Headquarters Building Account (CHBA) Budget of \$36,181,000 and approve the budget as a second reading; 4) Transmittal of this agenda item to the Joint Legislative Budget Committee, fiscal committees of the Legislative, State Controller, and Department of Finance, in accordance with the Budget Act of 2007, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Counsel.
Mr. Coony abstained.
- Transmittal letter and the submission of this report to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and the Department of Finance, in accordance with the Budget Act of 2007, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Counsel.

The next Finance Committee meeting is scheduled for June 17, 2008 in Sacramento, California.

AGENDA ITEM 9 – PERFORMANCE AND COMPENSATION COMMITTEE

There was no report.

AGENDA ITEM 10 – BOARD MEETING CALENDAR

Fred Buenrostro reported no changes.

AGENDA ITEM 11– CHIEF EXECUTIVE OFFICER'S REPORT

Fred Buenrostro reported on the multiple studies of the economic impact that CalPERS creates for the State of California and local areas.

AGENDA ITEM 12 – BOARD'S STATE LEGISLATIVE PROGRAM/BOARD'S POSITION ON STATE LEGISLATION

Wendy Notsinneh gave an update on the legislative bills for 2008.

AGENDA ITEM 13 – BOARD’S FEDERAL LEGISLATIVE PROGRAM/BOARD’S POSITION ON FEDERAL LEGISLATION

Tom Lussier reported on the Board’s federal workshop that took place in Washington D.C. April 7-8, 2008.

AGENDA ITEM 14 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

ON MOTION by Mr. Diehr, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on items 14A B, D, E, and F.

ON MOTION by Mr. Diehr, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on item 14C. Ms. Berte abstained.

AGENDA ITEM 15 – PETITION FOR RECONSIDERATION

ON MOTION by Mr. Coony, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on item 15A. Ms. Berte abstained.

AGENDA ITEM 16 – GENERAL COUNSEL’S REPORT

Mr. Mixon gave an update on last month’s meeting request regarding our members and keeping them informed about their rights when they are in pro per.

AGENDA ITEM 17

Closed session

AGENDA ITEM 18 – BOARD TRAVEL APPROVALS

ON MOTION by Ms. Mathur, **SECONDED** and **CARRIED**, the Board approved the travel requests.

AGENDA ITEM 19 – DRAFT AGENDA

Fred Buenrostro noted closed session moved to 8:30 am.

AGENDA ITEM 20 – NEW BUSINESS AGENDA SETTING

None

AGENDA ITEM 21 – PUBLIC COMMENT

None

The Board of Administration meeting recessed at 9:45 am into closed session.

There being nothing further to come before the Board of Administration, the meeting adjourned at 9:55 am.